

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 65-35

December 9, 1965

EXCISE TAX REDUCTION ACT OF 1965

Manufacturers of tobacco products,
proprietors of export warehouses,
and dealers in tobacco materials:

1. Purpose. This industry circular is issued to call to your attention certain situations generated by the provisions of the Excise Tax Reduction Act of 1965, Public Law 89-44, becoming effective January 1, 1966.
2. Background. Public Law 89-44 repeals the Federal tax on manufactured tobacco (smoking tobacco, chewing tobacco, and snuff) and eliminates internal revenue controls concerning manufactured tobacco and tobacco materials on and after January 1, 1966. It is expected that a Treasury decision will be issued in December amending the regulations in 26 CFR Parts 270, 275, 290, 295, and 296, and revoking the regulations in 26 CFR Part 280, to conform these regulations to Public Law 89-44. During the development of this Treasury decision, several situations have been perceived that we think would be of interest to you.
3. Packages. Supplies of packaging material for manufactured tobacco (smoking tobacco, chewing tobacco, and snuff) bearing the label or notice reading "Tax-exempt. For use outside U.S." or "U.S. Tax-exempt. For use outside U.S." as prescribed in the regulations in 26 CFR 290.185, or bearing the label reading "Tax-Exempt. For use of U.S. Not to be Sold." as prescribed by the regulations in 26 CFR 295.46, may be used up after December 31, 1965, if you so desire. Internal revenue laws and regulations about packages, marks, labels, notices, and stamps will, after that date, no longer apply to manufactured tobacco. But, any terminated permit number should be eliminated, when ordering supplies of such packaging material.
4. Forms 2149 and 2150 - Notices of Removal for Export. Manufactured tobacco (smoking tobacco, chewing tobacco, and snuff) to be exported, including removals for use as supplies on vessels and aircraft, and shipments between factories and export warehouses should not be included in the Notices of Removal, Forms 2149 and 2150, after December 31, 1965.
5. Shipper's Export Declaration - Commerce Form 7525-V. The extra copy of the Shipper's Export Declaration, Commerce Form 7525-V, marked "For internal revenue purposes" as required by the regulations in 26 CFR 290.171 and 290.172 in respect to the exportation of tobacco materials need not be

prepared by dealers in tobacco materials after December 31, 1965. Of course, this has no effect upon the requirements of the Department of Commerce in respect to the preparation of Form 7525-V in connection with the exportation of tobacco materials.

6. Records. Records of operations and transactions in manufactured tobacco and in tobacco materials which occurred prior to January 1, 1966, are required to be retained available for inspection until the expiration of the retention period expressed in the applicable regulations.
7. Inquiries. Inquiries concerning this circular should refer to its number and be addressed to your assistant regional commissioner, alcohol and tobacco tax.



Harold A. Serr
Director, Alcohol and Tobacco Tax Division